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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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Division Director

December 27, 2010

Jim Phillips
Azomite Mineral Products
1123 South 250 East
Nephi, Utah 84648

Subject: Initial Review of Notice of Intention to Commence Large Mining Operations, Azomite Mineral Products, Trace Mine 1- Aumco Claim, M/039/0029, Sanpete County, Utah

Dear Mr. Phillips:

The Division has completed a review of your Notice of Intention to Commence Large Mining Operations for the referenced mine, which was received November 4, 2010. The following comments need to be addressed before tentative approval may be granted:

1. R647-4-105 Maps

Maps provided with the NOI are not adequate. Please provide a scale (so that acreage may be verified), a north arrow, and legal location (township, range, section).

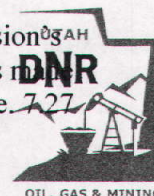
Maps need to show all facilities, including general locations of temporary facilities such as the crusher.

Provide a list of all equipment that is being used on site.

Provide typical cross sections and long sections of the mining operation.

Please describe or reference the reclamation plans for the disturbed areas outside the red and blue areas as shown on figure 3.

2. Page 9, section R647-4-106.3. Associated onsite processing facilities should include the crusher circuit. The 2.12 acres listed as 'Other-Previous Mine/Reclamation Area' needs to be revised in that a portion of this area is currently being re-mined.
3. Page 10, R647-4-106.5 and 106.6. Under 106.5. The plan shows the volume of soil available for stockpiling is 10,487 cubic yards, but Section 106.6 says 5245 cubic yards will be salvaged. Please resolve this apparent discrepancy. Soil should be salvaged from all areas where it is available.
4. The reclamation surety amount for this site (\$42,300) was calculated based on the Division of Oil, Gas and Mining average cost per acre which is typically used for small mining operations. Assumptions for site specific calculations include: per acre costs are raised to the next whole acre (i.e. 727).



acres is rounded to 8 acres), and it is assumed that a dozer, and track hoe and a truck will be need to be mobilized for the reclamation. The surety amount was calculated as follows:

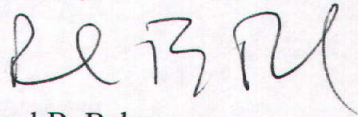
Bond Calculation Worksheet			
Azomite Mineral Products, Inc			
Trace Mine #1 LMO			
M/039/0029			
5-year escalation (2015)			
Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance (incl. Mob/demob for 1 piece of equip.)	1	\$7,500.00	\$7,500.00
Add'l Acres Disturbance Mob/demob for additional equipment	7	\$4,400.00	\$30,800.00
	2	\$2,000.00	\$4,000.00
TOTAL			\$42,300.00

Currently the Division holds a reclamation surety for this site in the amount of \$31,300. Therefore an additional \$11,000 will be needed prior to approval of the Large Mining Notice.

Please address only those items identified above by sending replacement pages for the original mining notice using **redline and strikeout** text, so we can see what changes have been made. After the notice is determined technically complete and we are prepared to issue final approval, we will ask that you send us two clean copies of the complete and corrected plan. Upon final approval of the permit, we will return one copy stamped "approved" for your records.

The Division will suspend further review of the Notice of Intention until your response to this letter is received. If you have any questions in this regard please contact me at 801-538-5261, Lynn Kunzler at 801-538-5310, or Peter Brinton at 801-538-5258. Thank you for your cooperation in completing this permitting action.

Sincerely,



Paul B. Baker
Minerals Program Manager